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## State of Utah Department of Commerce Division of Securities

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### NEWS RELEASE

#### **ORDER ENTERED AGAINST EQUITY SKIMMING INVESTMENT PROMOTERS**

February 10, 2006. Salt Lake City, Utah . . . . Francine A. Giani, Executive Director of the Utah Department of Commerce announced that the Division of Securities issued an Order to Show Cause today against Kevin Lawrence Wright, of Washington County, and Michael Stephen Hurst, of Davis County for their participation in an equity-skimming investment scheme.

The Order alleges that Wright and Hurst persuaded an investor to purchase a home in Bluffdale for \$590,000, but obtain loans for \$810,000 on the home. The investor was told he would obtain \$75,000 as a reserve for making house payments. Wright claimed that the remaining equity would be invested by Wright in a mutual fund called Capital Enhancement Club. Wright and Hurst told the investor that he could earn 8-10% profit on the mutual fund and as much as 30%, if the investor put money into the high-yield fund.

After the home was purchased, the investors did not receive the \$75,000 to put into savings and no money went to the Capital Enhancement Club. Instead, the title company used the extra money to pay a prior debt of Wright and for a diamond investment by Hurst. The investors were never told that Wright had three unpaid judgments totaling \$327,000 entered against him and also owed the State \$56,000 in delinquent income taxes.

The Order to Show Cause alleges that Wright and Hurst engaged in fraud when selling securities in Utah. Wright and Hurst have 30 days to request a hearing at which time they can contest the allegations against them. To date, \$44,900 in restitution has been paid.